

SEVENTH ANNUAL REPORT
OF THE
**UNIVERSITIES ACADEMIC
PENSION BOARD**

PURSUANT TO
UNIVERSITIES ACADEMIC PENSION ACT

for the year ended
March 31, 1985



Alberta



PROVINCIAL TREASURER

323 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

To the Honourable HELEN HUNLEY

Lieutenant Governor of the Province of Alberta

MAY IT PLEASE YOUR HONOUR:

I have the honour to submit the Seventh Annual Report of the Universities Academic Pension Board, pursuant to the *Universities Academic Pension Act*, for the year ended March 31, 1985.

A handwritten signature in cursive script, reading "Dick Johnston".

Dick Johnston
MINISTER FOR PENSIONS

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The Honourable Dick Johnston
Provincial Treasurer
Minister for Pensions
Government of the Province of Alberta
Edmonton, Alberta.

Sir:

I have the honour to submit the Seventh Annual Report of the Universities Academic Pension Board, pursuant to *Section 32(1)* of the *Universities Academic Pension Act*, for the year ended March 31, 1985.

The statistical and financial information provided in the report has been obtained from the internal records of the Board and the Payroll and Pensions Division of Alberta Treasury, which have not been subjected to an independent audit.

Two members of the Universities Academic Pension Board, Mr. M.G. McGinley representing the Board of Governors, University of Calgary and Mr. W.D. Usher representing the Board of Governors, University of Alberta, retired during the year.

Mr. McGinley was appointed to the Board, on establishment of the pension plan. He served on the Board from July 1978 to December 1984, and was replaced by Mr. D.R. Franklin.

Mr. W.D. Usher served on the Board from November 1981 to August 1984, and was replaced by Mr. B.H. McDonald.

During the year, Mr. C.A. MacKenzie was replaced on the Board by Mr. A.F. Collins as a member representing the direct interest of the public.

Respectfully submitted,



J.E. Faries
CHAIRMAN OF THE BOARD



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UNIVERSITIES ACADEMIC PENSION BOARD

BOARD CHAIRMAN

J.E. Faries
Chairman
Government Pension Boards

MEMBERS

REPRESENTING THE BOARD OF GOVERNORS

B.H. McDonald
Associate Vice-President
Academic Administration
University of Alberta

D.R. Franklin
Manager
Employee Relations
University of Calgary

J.A. Rae
Vice-President (Finance)
University of Lethbridge

REPRESENTING THE ACADEMIC STAFF ASSOCIATIONS

L. Eberlein
University of Alberta

H.A. Buckmaster
University of Calgary

E.E. Falkenberg
University of Lethbridge

GOVERNMENT REPRESENTATIVES

H.N. Anderson (Vice-Chairman)
Director, Colleges and Universities
Alberta Advanced Education

A.F. Collins
Special Advisor
to the Provincial Treasurer



UNIVERSITIES ACADEMIC PENSION ACT

ACTIVITIES OF THE BOARD

The Universities Academic Pension Board met ten times during fiscal year 1984-85. The following are some of the important matters dealt with by the Board:

1. Establishment of policy authorizing use of amortization schedule for calculation of interest charged on prior service costs paid by payroll assignment.
2. Establishment of policy regarding time limits for making application to establish leave of absence as pensionable service.
3. Negotiation of reciprocal transfer agreements with Universities of Montreal, Prince Edward Island and Sherbrooke and with the Ontario Council of Regents for Colleges of Applied Arts and Technology.
4. Establishment of policy regarding participation in the plan by employees holding "regular, reduced-load appointments".
5. Review of the changes proposed in the Universities Academic Pension Plan Act.
6. Review of the cash flow study.
7. Establishment of a uniform policy of mandatory participation in the plan by all academic staff members, including those previously participating in the Public Service Pension Plan and the Teachers' Retirement Fund.
8. Establishment of policy regarding participation in the plan by full-time temporary and part-time permanent academic staff, on becoming eligible to participate.
9. Establishment of policy governing treatment of leave of absence periods as pensionable service.

The Board also considered and ruled on 20 individual cases concerning prior service, transfers of pension credits under the terms of reciprocal agreements and determination of salary for pension purposes.

Four issues of the pension newsletter POSTSCRIPT were published and distributed during the year to pensioners who had retired under one of the six pension plans sponsored by Alberta Government. The newsletter has a circulation of approximately 19,000. The goal of the publication is to keep pensioners informed on pension and other matters and provide a forum for their concerns and views.

On behalf of the Board, three pension seminars were presented

during the year by the Pension Boards Secretariat for the members and representatives of employers participating in the plan.

PARTICIPATION

The number of accounts under the plan at March 31, 1985 was 3,982, inclusive of 20 accounts held on deposit on behalf of the terminated members. The number of active accounts (contributors) at March 31, 1985 was 3,962, which was 1.48 per cent higher than the number of contributors (3,904) at March 31, 1984. Over the 5-year period from March 31, 1980 to March 31, 1985, the number of contributors increased from 3,566 to 3,962, or by 11.1 per cent.

CONTRIBUTIONS AND PAYMENTS

During the year, member and employer contributions amounted to \$27,462,798.72, reflecting an increase of 0.69 per cent over contributions of \$27,273,998.39 received in 1983-84.

Total payments from the plan increased from \$7,416,070.58 in 1983-84 to \$9,810,902.43 in 1984-85, or by 32.29 per cent.

Excess of receipts over payments decreased from \$19,857,927.81 in 1983-84 to \$17,651,949.45 in 1984-85, or by 11.1 per cent.

REFUNDS OF CONTRIBUTIONS

Refunds of member and employer contributions, plus interest, to members terminating their service, totalled \$2,049,943.19 during the year, showing an increase of 60.87 per cent over refunds amounting to \$1,274,280.76 during 1983-84.

Excess contributions totalling \$103,443.49 were refunded to members and employers concerned during the year.

RETIREMENTS AND PENSIONS

As of March 31, 1985, there were 420 pensions being paid to retired members, surviving spouses and other beneficiaries of the deceased members and pensioners.

Total pension payments for the year amounted to \$7,227,682.74, including \$6,488,084.32 to retired members and \$739,598.42 to the surviving spouses. The pension payments in 1984-85 were 24.03 per cent higher in 1984-85 than the pension payments (\$5,827,367.91) in 1983-84.

Fifty-five retirement pensions were granted during the year.

Sixteen of the retiring members, or 29 per cent, retired at the Normal retirement age of 65 and 39 members, or 71 per cent, retired on full-formula, unreduced pensions, before age 65.

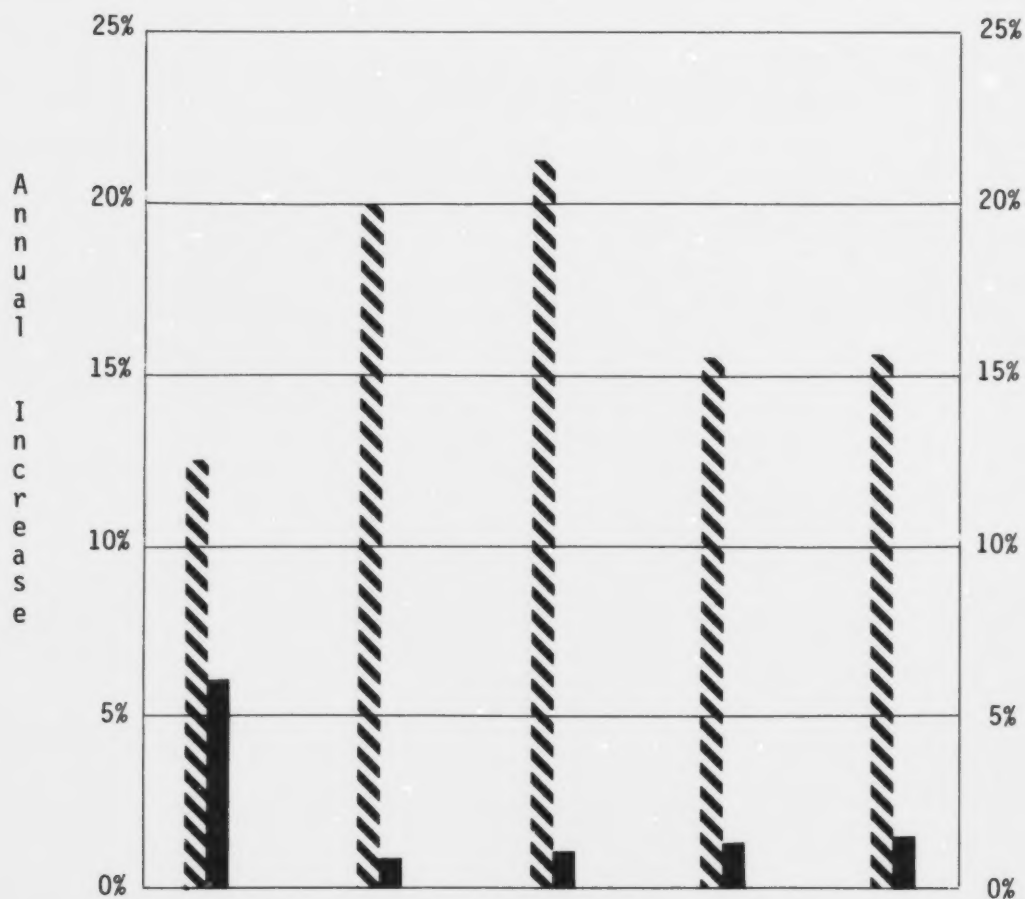
The average age of the retirees in 1984-85 was 60.59 years, down fractionally from 60.73 years in 1983-84.

Of the 55 members granted pensions in 1984-85, 27 members (49 per cent) opted for Joint Life pensions, 12 members (22 per cent) selected Normal Pension (guaranteed term 15 years), nine members (16 per cent) took pensions guaranteed for a term of 5, 10 or 20 years. The remaining seven members (13 per cent) chose Single Life pensions.

Nine members died while in service during the year. The surviving spouses of three members were granted Spousal Pensions and the beneficiaries of six members were granted benefits in the form of lump sum payment.

During the year, six pensioners passed away. Four pensions were transferred to the survivors of Joint Life pension option and one pension was transferred to a beneficiary to complete the guaranteed term. One pension ceased on the death of the recipient.

ANNUAL PERCENTAGE INCREASES IN NUMBERS OF PENSIONERS AND CONTRIBUTORS
(March 1980 to March 1985)



	31-Mar-80	31-Mar-81	31-Mar-82	31-Mar-83	31-Mar-84	31-Mar-85
Pensioners:	192	216	259	314	363	420
Contributors:	3,566	3,785	3,815	3,855	3,904	3,962
Deferred Pensions *	-	3	2	5	5	2
Accounts Held on Deposit**	73	96	124	139	192	183

* Included in the number of pensioners.

** In addition to the number of contributors.

	Percentage increase from previous year in the number of pensioners
	Percentage increase from previous year in the number of contributors

MEMBER AND EMPLOYER CONTRIBUTIONS RECEIVED
(April 1, 1984 - March 31, 1985)

Employer	Number of Accounts at 31-Mar-85	Member Contributions	Employer Contributions
University of Alberta	2,229	\$ 7,600,076.59	\$ 7,845,031.39
University of Calgary	1,260	4,560,996.46	4,536,969.97
University of Lethbridge	285	950,143.93	933,514.42
Athabasca University	128	368,143.34	326,596.95
Banff Centre for Continuing Education	60	149,811.15	168,058.93
Accounts held on Deposit	13*	12,973.36	1,921.45
Accounts held on Deposit for Deferred Pensions	7*	7,312.96	1,247.82
Totals	3,982	\$13,649,457.79	\$13,813,340.93

REFUNDS OF CONTRIBUTIONS

The following refunds of contributions and interest were made during the year:

Refunds of member contributions and interest to terminated members	\$ 3,106.29
Refunds of member and employer contributions and interest by transfer to registered pension or retirement savings plans, etc.	2,046,836.90
Refunds of excess contributions to members and employers	103,443.49
	<u>\$2,153,386.68</u>

* At March 31, 1985, the total number of Accounts held on Deposit was 109 and the total number of Accounts held on Deposit for Deferred Pensions was 74.

RECIPROCAL AGREEMENT TRANSFERS

The following transfers of the member and employer contributions, plus interest, were made during the year under the terms of reciprocal agreements.

Pension Plan	Transfers to Universities Academic Pension Plan		Transfers from Universities Academic Pension Plan	
	Number	Amount	Number	Amount
Alberta Teachers' Retirement Fund	2	\$ 72,293.19	-	-
Government of Canada	1	1,651.39	1	\$ 36,958.05
University of Manitoba	6	81,579.41	1	44,760.61
McGill University	1	4,444.88	-	-
University of Montreal	2	65,592.92	-	-
University of Ottawa	1	113,946.70	-	-
University of Regina	1	8,872.04	-	-
University of Saskatchewan	2	66,695.63	-	-
Sherbrooke University	1	67,699.43	-	-
University of Toronto	3	139,811.08	1	9,229.62
University of Waterloo	1	83,761.94	1	10,411.04
Totals	21	\$706,348.61	4	\$101,359.32

TRANSFERS BY BOOK ENTRY

The following transfers of member and employer contributions, plus interest, were made during the year to and from other Alberta pension plans, by book entry. These are not reflected in the Summary of Receipts and Payments.

PENSION PLAN	TO ACADEMIC PLAN	FROM ACADEMIC PLAN
Local Authorities Pension Plan	\$ 60,042.49	\$15,535.90
Public Service Pension Plan	368,473.28	35,666.98
Totals	\$428,515.77	\$51,202.88

RETIREMENTS

Normal retirements (age 65)	16
Retirements before age 65 (<i>unreduced pension</i>)	39
(<i>Co-ordinated with benefits under C.P.P./O.A.S. ... 24</i>)	
Total number of retirement pensions granted in the year	<u>55*</u>

* *Inclusive of 2 Deferred Pensions
which commenced during the year.*

DEATH-IN-SERVICE BENEFITS

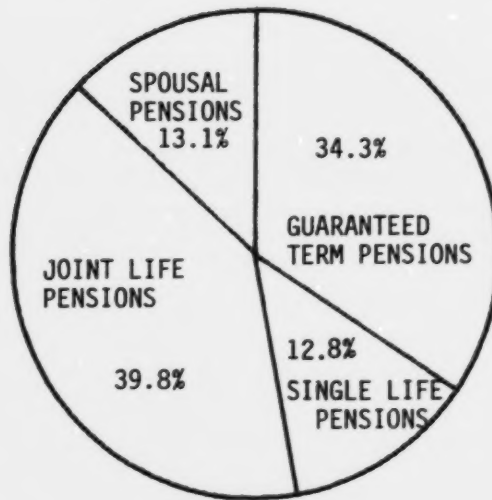
Number of members who died while in service	9
Number of Spousal Pensions granted during the year	3
Number of lump sum payments to beneficiaries	6

SPOUSAL PENSIONS

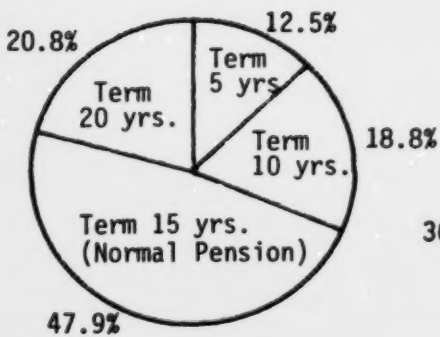
The following pension options were selected during the year by the surviving spouses of the deceased members:

Spousal Pension - Life with a guaranteed term of 10 years	2
Spousal Pension - Life with a guaranteed term of 20 years	1
Total number of Spousal Pensions granted in the year	<u>3</u>
Number of Spousal Pensions co-ordinated with benefits under Old Age Security	<u>1</u>

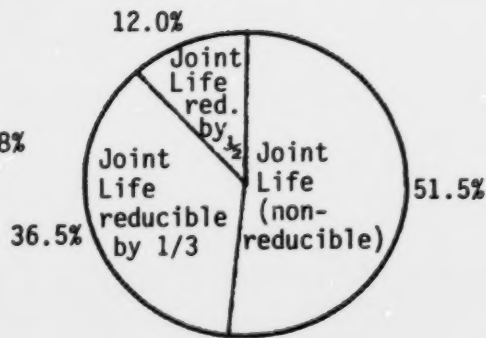
TYPES OF PENSIONS IN EFFECT (at March 31, 1985)



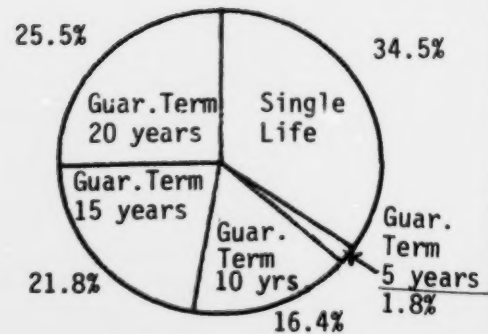
Total Pensions (420)



GUARANTEED TERM PENSIONS (144)



JOINT LIFE PENSIONS (167)



SPOUSAL PENSIONS (55)

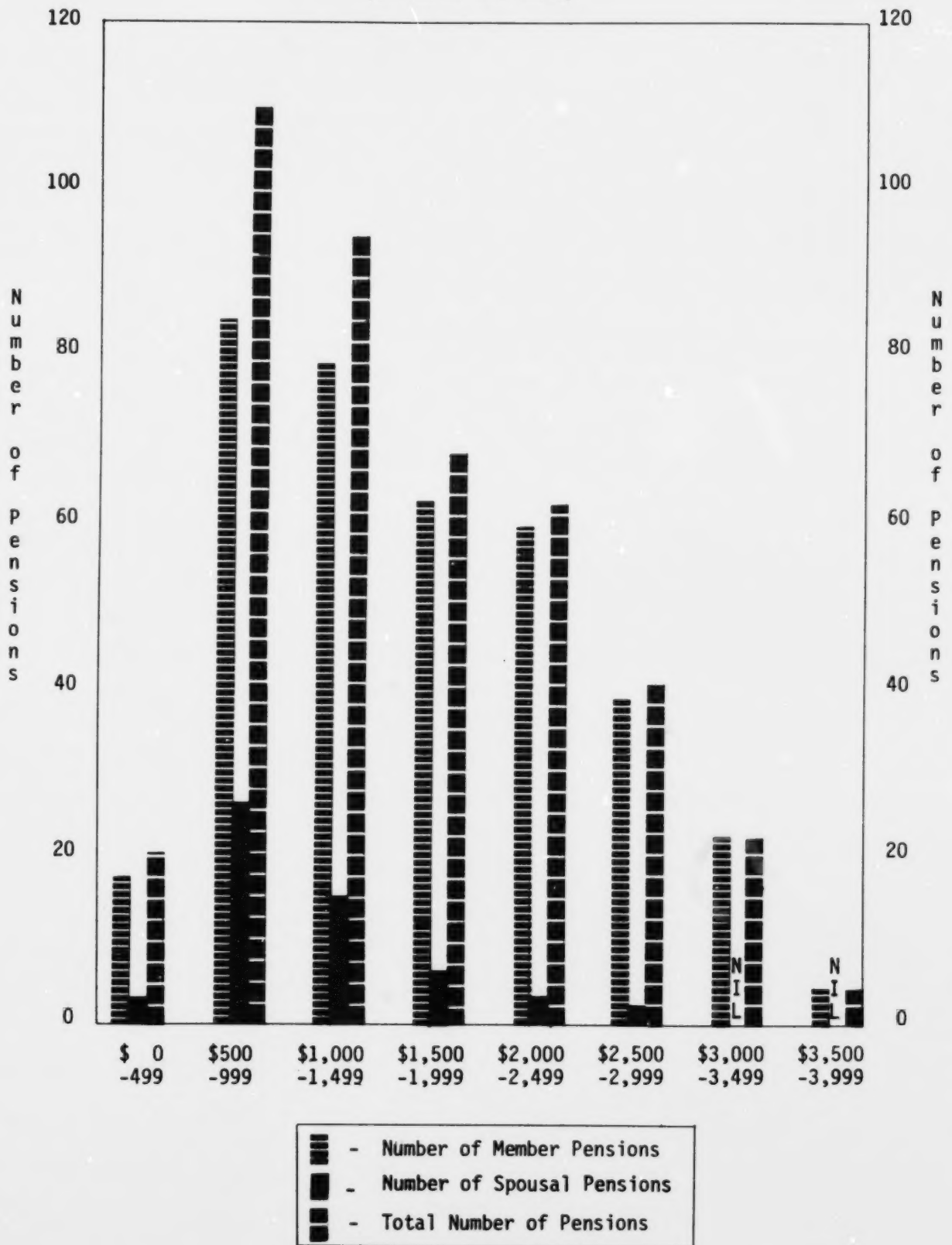
TYPES OF PENSIONS IN EFFECT

The following pensions were in effect at March 31, 1985:

Life pension with a guaranteed term of 5 years	18
Life pension with a guaranteed term of 10 years	27
Life pension with a guaranteed term of 15 years	69
Life pension with a guaranteed term of 20 years	30
Life pension with no guaranteed term	54
Joint Life pension (non-reducible)	86
Joint Life pension (reducible at first death by 1/3)	61
Joint Life pension (reducible at first death by 1/2)	20
Spousal pension - Life only	19
Spousal pension - Life with a guaranteed term of 5 years	1
Spousal pension - Life with a guaranteed term of 10 years	9
Spousal pension - Life with a guaranteed term of 15 years	12
Spousal pension - Life with a guaranteed term of 20 years	14
Total number of pensions in effect at March 31, 1985	<u>420*</u>
Number of pensions co-ordinated with benefits	
under Canada Pension Plan/Old Age Security	100

* Including pensions granted under the former plans but not including four pension advances being paid at March 31, 1985 pending finalization of pension files.

MONTHLY DOLLAR VALUE OF PENSIONS
(at March 31, 1985)



MONTHLY DOLLAR VALUE OF PENSIONS

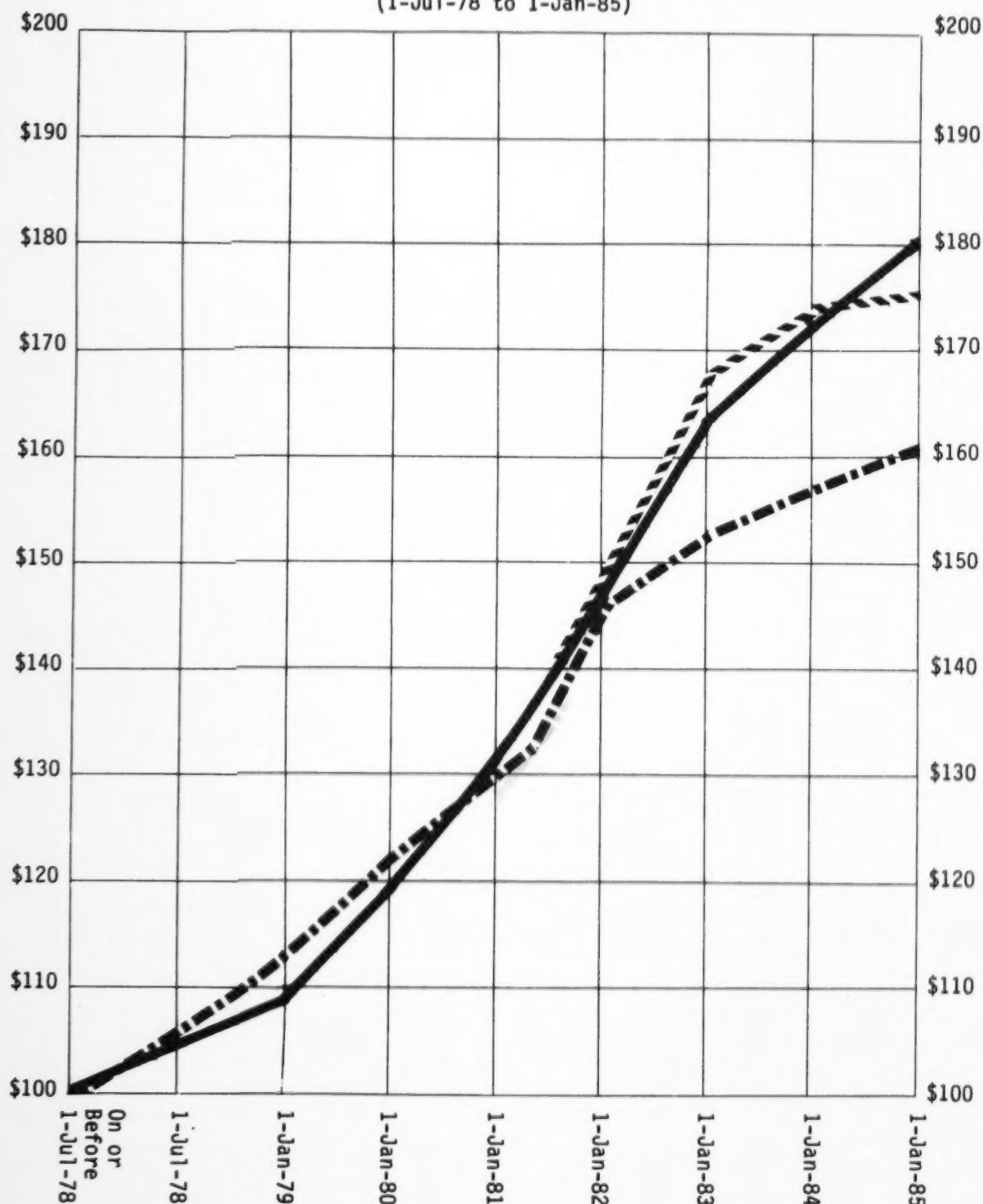
The dollar value per month of pensions in payment at March 31, 1985 was as follows:

DOLLAR VALUE PER MONTH	NUMBER OF PENSIONS AND PERCENTAGE OF TOTAL		
	Members	Spouses	Total
\$ 0 - 499	17 (4.04%)	3 (0.72%)	20 (4.76%)
500 - 999	84 (20.00%)	26 (6.19%)	110 (26.19%)
1,000 - 1,499	79 (18.81%)	15 (3.57%)	94 (22.38%)
1,500 - 1,999	62 (14.76%)	6 (1.43%)	68 (16.19%)
2,000 - 2,499	59 (14.05%)	3 (0.72%)	62 (14.77%)
2,500 - 2,999	38 (9.05%)	2 (0.47%)	40 (9.52%)
3,000 - 3,499	22 (5.24%)	0	22 (5.24%)
3,500 - 3,999	4 (0.95%)	0	4 (0.95%)
Totals	365 (86.90%)	55 (13.10%)	420 (100.00%)

The lowest member pension at March 31, 1985 was \$115.00 per month and the highest was \$3,821.00 per month. The average pension paid to a member was \$1,624.00 per month while the median pension was \$1,507.00 per month.

The lowest pension paid to a surviving spouse at March 31, 1985 was \$317.00 per month and the highest was \$2,786.00 per month. The average pension paid to a surviving spouse was \$1,119.00 per month while the median pension was \$927.00 per month.

COMPARISON OF C.P.I. AND C.O.L.A.
(1-Jul-78 to 1-Jan-85)



Note: The cost-of-living adjustment to pensions is made from 1st of January, except the one granted on the establishment of the plan on 1st of July 1978. The Consumer Price Index shown is for the calendar year preceding 1st January. The C.P.I. for Canada and the C.P.I. for Calgary/Edmonton have been almost identical except for the years 1982, 1983 and 1984.

Accumulated CPI (Canada) —; Accumulated CPI (Calgary/Edmonton) - · - ·; Accumulated COLA - - -

PENSION ADJUSTMENT REGULATIONS

To provide an adjustment to pensions granted under the Act for the purpose of maintaining an approximate parity with the cost of living, *section 1 of the Universities Academic Pension Adjustment Regulations (Alberta Regulation 438/78)*, as amended, was further amended to authorize the following adjustments, with effect from January 1, 1985:

- (a) pensions granted on or before January 1, 1984 were increased by 2.50 per cent;
- (b) pensions granted after January 1, 1984, but on or before February 1, 1984 were increased by 2.29 per cent;
- (c) pensions granted after February 1, 1984, but on or before March 1, 1984 were increased by 2.08 per cent;
- (d) pensions granted after March 1, 1984, but on or before April 1, 1984 were increased by 1.88 per cent;
- (e) pensions granted after April 1, 1984, but on or before May 1, 1984 were increased by 1.67 per cent;
- (f) pensions granted after May 1, 1984, but on or before June 1, 1984 were increased by 1.46 per cent;
- (g) pensions granted after June 1, 1984, but on or before July 1, 1984 were increased by 1.25 per cent;
- (h) pensions granted after July 1, 1984, but on or before August 1, 1984 were increased by 1.04 per cent;
- (i) pensions granted after August 1, 1984, but on or before September 1, 1984 were increased by 0.83 per cent;
- (j) pensions granted after September 1, 1984, but on or before October 1, 1984 were increased by 0.63 per cent;
- (k) pensions granted after October 1, 1984, but on or before November 1, 1984 were increased by 0.42 per cent;
- (l) pensions granted after November 1, 1984, but on or before December 1, 1984 were increased by 0.21 per cent.

(Alberta Regulation 416/84)

RECIPROCAL TRANSFER AGREEMENTS

As of March 31, 1985, the following agreements were in effect between the Universities Academic Pension Board and other pension authorities in Canada for the purpose of transferring pension credits on a reciprocal basis:

IN ALBERTA

Local Authorities Pension Board
Public Service Management Pension Board
Public Service Pension Board
Board of Administrators, Teachers' Retirement Fund

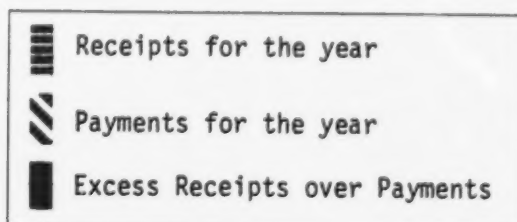
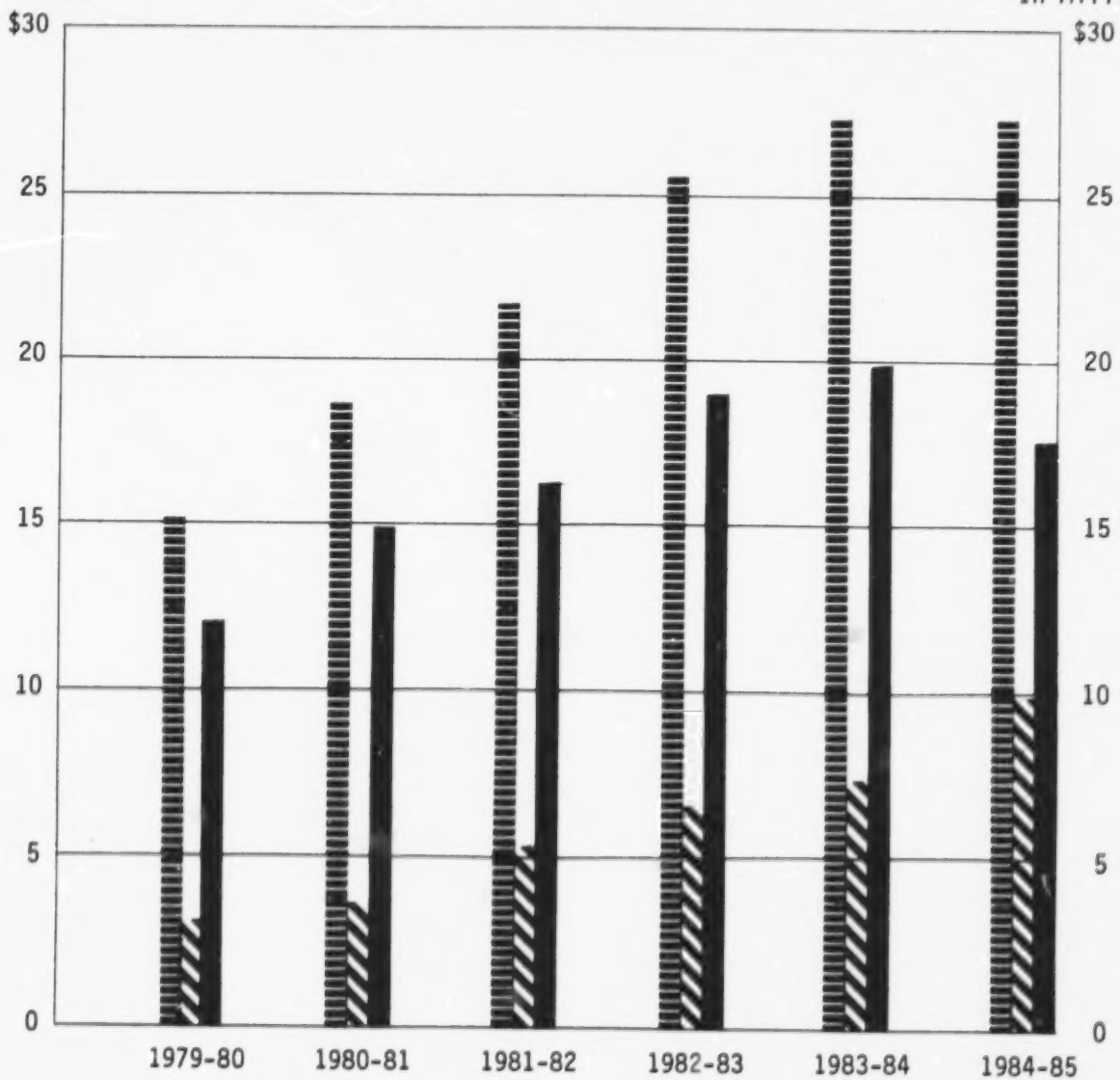
OUTSIDE ALBERTA

Brock University
Government of Canada
Dalhousie College and University
University of Guelph
Manitoba Teachers' Retirement Allowance Fund Board
University of Manitoba
McGill University
University of Montreal
Government of New Brunswick
Ontario Institute for Studies in Education
University of Ottawa
University of Prince Edward Island
University of Regina
Saint Paul University
Saskatchewan Teachers' Superannuation Commission
University of Saskatchewan
University of Sherbrooke
University of Toronto
University of Waterloo
Wilfrid Laurier University
Ontario Colleges of Applied Arts and Technology

ANNUAL RECEIPTS AND PAYMENTS (1979-80 to 1984-85)

In Millions

In Millions



UNIVERSITIES ACADEMIC PENSION PLAN

ANNUAL RECEIPTS AND PAYMENTS (\$ Thousands)

FISCAL YEAR	RECEIPTS			PAYMENTS			EXCESS OF RECEIPTS OVER PAYMENTS
	Member Contributions	Employer Contributions	Total Receipts	Benefits	Withdrawals	Total Payments	
1978-79*	\$ 33,717**	\$ 44,625**	\$ 78,342**	\$ 1,168	\$ 548	\$ 1,716	\$ 76,626
1979-80	7,675	7,448	15,123	2,100	958	3,058	12,065
1980-81	10,241	8,293	18,534	2,712	909	3,621	14,913
1981-82	10,312	11,248	21,560	3,501	1,774	5,275	16,285
1982-83	13,190	12,428	25,618	4,685	1,851	6,536	19,082
1983-84	13,764	13,510	27,274	5,939	1,477	7,416	19,858
1984-85	13,650	13,813	27,463	7,556	2,255	9,811	17,652

* Covers period from July 1, 1978 to March 31, 1979.

** Includes member and employer contributions totalling \$65,897,013.00 transferred from former plans.

Note: Excess of Receipts over Payments does not include interest.

UNIVERSITIES ACADEMIC PENSION ACT

SUMMARY OF RECEIPTS AND PAYMENTS (UNAUDITED) for the year ending March 31, 1985

		RECEIPTS	
CONTRIBUTIONS:		1984-85	1983-84
Members		\$13,649,457.79	\$13,763,549.32
Employers		13,813,340.93	13,510,449.07
Interest earned on overdue receivables		53.16	-
		<u>\$27,462,851.88</u>	<u>\$27,273,998.39</u>
		PAYMENTS	
BENEFITS:			
Member Pensions		\$ 6,488,084.32	\$ 5,142,669.03
Spousal Pensions		739,598.42	684,698.88
Payments to beneficiaries of deceased members		328,473.69	111,857.07
		<u>\$ 7,556,156.43</u>	<u>\$ 5,939,224.98</u>
WITHDRAWALS:			
Contributions and interest in res- pect of members leaving service	\$	3,106.29	\$ 20,340.80
Contributions and interest in res- pect of members transferred to other pension authorities without reciprocal agreements		2,046,836.90	1,253,939.96
Contributions and interest in respect of members transferred to other pension authorities with reciprocal agreements		101,359.32	118,926.73
Refunds of excess contributions		103,443.49	83,638.11
		<u>\$ 2,254,746.00</u>	<u>\$ 1,476,845.60</u>
Total Payments for the year	\$	<u>\$ 9,810,902.43</u>	<u>\$ 7,416,070.58</u>
Excess of receipts over payments for the year		<u>\$17,651,949.45</u>	<u>\$19,857,927.81</u>

Note: The receipts and payments shown above do not reflect transfers of contributions and interest to and from other Alberta pension plans, made by book entry.